

## Chapter 2.150

### BUDGET AND FISCAL PROCEDURES

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#### **2.150.010 Budget officer.**

The city manager shall serve as the city's budget officer unless, with advice and consent of the city council, the city manager appoints another qualified person as the budget officer for the city. The budget officer's duties shall be as provided in the Utah Uniform Fiscal Procedures Act for Utah Cities, UTAH CODE ANN. §10-6-101, *et seq.* The budget officer shall be a subordinate of the city manager, and shall work under the city manager's supervision and direction.

#### **2.150.020 Preparation of tentative budget.**

A. During February of each year, the city manager and the budget officer shall meet with the city council and review the city's strategic plan, budget goals and policies.

B. The following policies shall be in effect in preparing the city's tentative and final budgets for each fiscal year:

1. The burden of financing city government should, with reasonable deviations, be financed in accordance with the basic principle of benefits received.

2. As a general principle, the broad group of basic services rendered to the general public, such as police and fire protection, streets and parks, should be financed from revenues imposed on the broad general public (such as through property taxes, sales taxes, franchise taxes or other broad-based taxes). The cost of increased demand on these services due to new development should be financed through the collection of development impact fees.

3. Special services rendered to special groups of citizens (whether individual or business groups) should be financed by special fees or assessments. Examples are:

(a) Special improvements to private property, paid for by abutting property owners;

(b) Regulatory license fees and permits imposed on individual businesses;

(c) Planning and permit fees imposed for planning and zoning services rendered for the benefit of real estate developers and individual home builders.

4. The city should seek to maintain stable tax rates for taxes imposed on the broad general public. As a general rule, growth or decline in population and new businesses should produce revenue increases or decreases approximately equal to the changing cost of existing services. As a guiding principle, therefore, the rate of property taxes or sales or franchise taxes should not be increased or decreased unless inflation or deflation has clearly changed operating costs faster than the natural changes in the tax base or changed levels of services are commenced.

5. The city will estimate its annual revenues in all budgeted funds by an

objective, analytical process; conservative estimates will be utilized.

6. The city will maintain a forward-moving projection of revenues for a three-year period in its principal operating funds. Each existing and potential revenue source will be reexamined annually and may be adjusted based on current experience concurrent with mid-year budget adjustments.

7. The city will utilize one-time or special-purpose revenues (such as program grants) for capital expenditures or for specific expenditures required by the terms of the grant, and not to subsidize recurring personnel and operation and maintenance cost, except where application of these added capital projects would result in increased operating costs.

8. Special fees, assessments, or user-type charges imposed to assist in financing activities in the city's general fund, which benefit special segments of the broad general public, shall be established at a level closely related to the cost of providing the relevant services.

9. Periodically, the city shall recalculate the full costs of activities supported by special fees or charges to identify the impact of inflation/deflation and other cost modifiers; such fees or charges will be adjusted to compensate for related cost changes.

10. The city shall actively seek all available grant and supplementary funding for operating or capital purposes in any fund.

11. A minimum 5% fund balance for restricted use, as required by law, with a desired target minimum of 6%, and a maximum of 18%, shall be permitted to accumulate in the city's general fund for the following purposes:

(a) To provide sufficient working capital;

(b) As a reserve for emergency situations, such as fire, flood or earthquake; or

(c) To cover any unanticipated deficit resulting from a shortfall in actual revenues in a given budget year. Emergency spending shall comply with ordinances and policies adopted by the city council.

12. Each department expenditure budget shall be prepared on the basis of true economic need and without regard for providing contingency within each department. Estimating budget expenditures shall be conservative.

13. Unless otherwise directed by the council in the February planning meeting, the budget officer's proposed budget shall be prepared to continue providing the same level of service as was provided in the previous budget year.

14. The priorities of the city council's budget goals or other strategic plans shall be provided for, as far as resources will allow.

15. Any proposals for increasing the city's full-time staff will be specified in both the proposed department budgets and in the budget message.

16. The budget officer's proposed budget shall comply with the present pay policy of the city, and the budget officer shall submit to the city council the amounts of funding which will be allocated for market adjustments, reclassifications, and cost of living adjustments.

17. Proposals for capital projects shall comply with any capital projects plan adopted by the city council. Funds allocated for capital projects which are not disbursed during a fiscal year because the capital project is incomplete shall be reserved for the same capital project in the budget of the following fiscal year.

18. Class C road moneys shall be budgeted exclusively for major maintenance, overlays, new construction of roads and items directly related to the same.

19. The fee rates of any enterprise funds shall be examined each year to ensure that revenues reasonably relate to necessary expenditures.

C. On or before the first regularly scheduled meeting of the city council in May of each year, the budget officer shall prepare for the ensuing year, on forms acceptable to the state auditor, and file with the city council, the proposed budget for each fund for which a budget is required. The proposed budget of each fund shall set forth in tabular form:

1. Actual revenues and expenditures in the last completed fiscal year.

2. Budget amounts for the current fiscal year.

3. Actual revenues and expenditures to date for the current fiscal year.

4. Estimated total revenue and expenditures to complete the current fiscal year.

5. The estimates of revenues and expenditure for the next upcoming year, computed in the following manner:

- (a) The budget officer shall estimate, on the basis of demonstrated need, the expenditures for the budget year after a review of the budget requests and estimates of the department heads. Each department head shall be heard by the budget officer prior to making of his final estimates, but thereafter he may revise any department's estimate as he deems advisable for the purpose of presenting the budget to the city council.

- (b) The budget officer shall estimate the amount of revenue available to serve the needs of each fund, and estimate the portion to be derived from each revenue source. Should such total revenue show a surplus to the projected expenditures, the budget officer shall provide recommendations to deal with that excess, including options for reduction of property and franchise tax and potential impact of each recommendation.

D. Each proposed budget, when filed with the city council, shall contain the estimates of expenditures submitted by department heads, together with specific work programs and such other supporting data as state statute or the city council may request. The budget officer may submit a supplementary estimate of all capital projects which each department head believes should be undertaken within the next three succeeding years.

E. Each proposed budget submitted to the city council shall be accompanied by a budget message, which shall explain the budget, contain an outline of the proposed financial policies of the city for the budget year, and shall describe in connection therewith the important features of the budgetary plan. It shall set forth the reasons for salient changes from the previous year in appropriation and revenue items and shall explain any major changes in financial policy.

F. The budget officer shall require all expenditures by any department to conform with the departmental budget.

G. To implement the system of budget control, including use of the encumbrance system, the budget officer shall keep separate accounts for the items of appropriation contained in the budget of each applicable fund, each of which shall show the amount of the appropriation, the recorded expenditures, the unexpended balance, the recorded encumbrances, and the unencumbered; and no expenditure shall be made against any departmental appropriation unless there is sufficient unencumbered balance in the department's appropriation, except in cases of emergency as provided in this chapter.

**2.150.030 Adoption of tentative budget, preparation and adoption of final budget.**

A. After a proposed budget has been submitted by the budget officer to the city council, it shall be reviewed, considered or amended, and adopted as the city council's tentative budget. Such adoption may take place in any regular meeting or special meeting called for that purpose. Prior to its adoption, it may be amended or revised in such manner as is deemed advisable by the city council.

B. No appropriation required for debt retirement and interest or otherwise required by law or ordinance may be reduced below the minimum so required.

C. At the meeting at which each tentative budget is adopted, the city council shall establish the time and place of a public hearing to consider its adoption as a final budget and shall order that notice be published at least seven days prior to the hearing in at least one issue of a newspaper of general circulation published in Salt Lake County. If there is no such newspaper, the notice required by this section may be posted in three public places within the city.

D. Each tentative budget adopted by the city council and all supporting schedules and data shall be a public record in the office of the city recorder and shall be available for public inspection at least 10 days prior to the adoption of a final budget.

E. At the time and place advertised, or at any time and place to which the public hearing may be adjourned, the city council shall hold a public hearing on the budget tentatively adopted. All interested persons in attendance shall be given an opportunity to be heard, for or against, the estimates of revenue and expenditures or any item thereof in the tentative budget of any fund.

**2.150.040 Financial reports.**

A. The city's director of finance shall prepare and present to the city council monthly detailed financial reports prepared in the manner consistent with the Uniform Accounting Manual for Utah Cities.

B. Within 180 days after the close of each fiscal year, the finance director shall present to the city council an annual financial report prepared in conformity with generally accepted accounting principles, as prescribed in the Uniform Accounting Manual for Utah Cities. This requirement may be satisfied by presentation of the audit report furnished by the independent auditor, if the financial statements included in the report are appropriately prepared and reviewed with the city council. Notwithstanding the acceptability of the audit report furnished by the independent auditor in substitution for financial statements prepared by an office of the city, the city council has the responsibility of those financial statements. The independent auditor has the responsibility of reporting whether the city financial statements are prepared in conformity with generally accepted accounting principles. Copies of the annual financial report or the audit report furnished by the independent auditor shall be filed with the state auditor and shall be filed as a public document in the office of the city recorder.

C. Within ten days following the receipt of the audit report furnished by the independent auditor, the finance director and the city recorder shall prepare and publish at least twice in a newspaper of general circulation published within the county a notice to the public that the audit of the city has been completed and that a copy may be inspected at the office of the city recorder.

**2.150.050 Service fee for returned checks.**

The city may assess and collect a returned check service fee from the maker or

issuer of any check payable to the city when payment is dishonored upon first presentment by the bank upon which is drawn. The amount of the service fee shall not exceed \$20 or such greater service fee as may be allowed under UTAH CODE ANN. §7-15-1 or any successor statute. The assessment and collection of this fee shall not preclude the initiation of appropriate civil or criminal proceedings against the issuer or maker of the dishonored check.

#### **2.150.060 Surplus property.**

A. No city-owned property, except property that is consumed in normal operations, shall be disposed of or released to ownership by anyone other than the city unless such property has been declared surplus by the city council.

B. Whenever city property is surplus, unused, obsolete, unsuitable or otherwise no longer needed, the department head or designee having control of such property shall promptly so notify the finance director. The finance director then shall notify the city manager and other city departments of the availability of such property, and shall supervise the transfer of such property to the department requesting the property. If no use can be made or can be expected to be made within the reasonably foreseeable future, the property shall be disposed of in accordance with this section.

C. The finance director shall prepare and present a listing to the city council of all city-owned property which he feels is no longer needed by the city and which can be declared surplus. The city council may declare the property surplus and shall either establish a minimum bid for the sale of such property or declare that the property is of nominal value. If the city council has declared the items to be surplus and established a minimum bid, then the finance director shall proceed to sell such surplus property based on the highest and best

economic return to the city. If the city council has declared the items to be surplus and declared that the property is of nominal value, then the finance director shall proceed to dispose of such surplus property as determined by the finance director.

D. The highest and best economic return to the city, as referred to herein, shall be determined by one or more of the following methods: (1) competitive bid; (2) evaluation by a qualified and disinterested appraiser; (3) other professional publication and valuation service; or (4) an informal market survey by the or designee in the case of items of personal property possessing readily discernable market value.

E. If the reasonable value of the property declared surplus by the city council exceeds \$5,000, then the method to determine the highest and best economic return to the city shall be approved by the city council at the time the minimum bid is established. If the reasonable value of the property declared surplus by the city council is \$5,000 or less, then the finance director shall disclose the method to determine the highest and best economic return to the city council before the sale occurs. After satisfying the requirements provided for in this section, the finance director may sell the surplus property based on its highest and best economic return to the city provided the sales price for the surplus property is equal or exceeds the minimum bid established by the city council.

F. Monetary proceeds from the sale or other disposition of such property pursuant to this section shall be credited to the general fund.

G. The city council may, by resolution, withdraw any surplus property from the surplus property list.

**2.150.070 Disposal of significant parcels of real property.**

A. If the property that is declared surplus pursuant to section 2.150.060 is a significant parcel of real property as defined in this section, then the finance director shall provide reasonable notice, as defined below, of the proposed disposition, at least 14 days before the proposed disposition, to provide the public an opportunity for comment on the proposed disposition.

B. If the finance director receives public comment on the proposed disposition, the finance director shall forward copies of such public comment to the city council. Thereafter, the city council may rescind its declaration of surplus property, direct the finance director to proceed with the sale, or impose such additional terms and conditions as the city council may adopt.

C. If the finance director does not receive public comment on the proposed disposition, the finance director may proceed with the sale after satisfying all of the other terms and conditions applicable to the disposition.

D. For purposes of this section, “*disposition*” shall mean to transfer control of city owned property to another by any means including, but not limited to, sale, lease or other type of conveyance of such property.

E. For purposes of this section, “*reasonable notice*” shall mean posting notice of the proposed disposition in at least three public places within the city and publishing notice of the proposed disposition in a newspaper of general circulation in the city.

F. For purposes of this section, “*significant parcel of real property*” shall mean a parcel of real property owned by the city with a reasonable value equal to or greater than \$250,000 or reasonable yearly rental value equal to or greater than \$50,000.

**2.150.080. Cost recovery—Fee structure.**

A. It is the intent of the city council to require the ascertainment and recovery of reasonable costs from fees, charges and regulatory license fees levied by the city in providing regulation, products or services.

B. The fee and service charge revenue/cost comparison system set forth in this section is intended to assure that fees adopted by the city for services rendered do not exceed the reasonable cost to the city to provide such services.

C. In this section, “*reasonable cost*” means and consists of the following elements:

(1) All applicable direct costs including, without limitation, salaries, wages, overtime, employee fringe benefits, services and supplies, maintenance and operation expenses, contracted services, special supplies, and any other direct expense incurred.

(2) All applicable indirect costs including, without limitation, building maintenance and operations, equipment maintenance and operations, communications expenses, computer costs, printing and reproduction, vehicle expenses, insurance, debt service, and like expenses when distributed by a documented proration system of accounting.

(3) Fixed asset recovery expenses, consisting of depreciation of fixed assets, and additional fixed asset expense recovery charges calculated on the current estimated cost of replacement, divided by the approximate life expectancy of the fixed asset. A further additional charge to make up the difference between book value depreciation not previously recovered and reserved in cash and the full cost of replacement also shall be calculated and considered a cost so as to recover such unrecovered costs between book value and

cost of replacement over the remaining life of the asset.

(4) General overhead, expressed as a percentage, distributing and charging the expenses of the city council, city attorney, city manager, city recorder, finance department, personnel office, and all other staff and support services provided to the entire city organization, which costs are not otherwise directly distributed to service centers. Overhead shall be prorated between tax-financed services and fee-financed services on the basis of such percentage so that each of taxes and fees and charges shall proportionately defray such overhead costs.

(5) Departmental overhead, expressed as a percentage, distributing and charging the cost of each department head and his supporting expenses as enumerated in subsections C(1), C(2), C(3) and C(6) of this section.

(6) Debt service costs, consisting of repayment of principal, payment of interest, and trustee fees and administrative expenses for all applicable bond, certificate or securities issues or loans of whatever nature or kind. Any required coverage factors or required or established reserves beyond basic debt service costs also shall be considered a cost if required by covenant within any securities ordinance, resolution, indenture or general law applicable to the city.

D. The city council may adopt, by resolution or by ordinance, fees and charges for city services designed to assure the city's recovery of its reasonable costs of providing such services. Without limiting the foregoing, the city council may from time to time adopt a consolidated fee schedule describing such part, or all, of the city's fee structure as the city council may elect.

E. The city manager, with assistance of the city's director of finance, other administrative staff, and such experts as may be retained by the city, shall assist the city

council to implement the policy expressed in this section.

F. Annually, as part of the budget adoption process, the city manager, finance director and each city department head, under the direction of the city manager, shall review the fees and service charges adopted pursuant to resolution or ordinance of the city council, determine whether adjustment of such fee schedule is warranted to assure compliance with the policy expressed above, and provide, as necessary, an adjusted fee schedule to the city council for its consideration.

1. The schedule of frequency of rate adjustments may be varied by the city manager to adjust revenues sufficient to meet debt service coverage requirements of any bond, certificate or ordinance, resolution, indenture, contract or action under which securities have been issued by the city which contain any coverage factor requirement.

2. The city manager also may vary the review schedule listed in this subsection if, in the judgment of the city manager and a directly affected and requesting department head, a gross inequity would be perpetrated by not revising the rate schedule.

G. The city council may hold a public hearing before adopting any increases to any consolidated fee schedule then in effect.

H. Any person who is required to pay a fee adopted by the city council, and who feels that the fee in question is unreasonable under the standards set forth in this section, may appeal in writing to the city council within 15 calendar days after imposition and payment of the fee. At the city council's discretion, such appeal may be placed on the agenda of a city council meeting within 60 days of receipt of such appeal and heard at such city council meeting. If the city council determines that such fee or charge is excessive under the standards set forth in this section, the city shall refund the

excessive portion of the fee within 30 days following such determination.

**2.150.090 Adoption of consolidated fee structure.**

From time to time the city council may by ordinance adopt, amend or revoke a consolidated fee schedule for the city in lieu of listing the amounts of specific fees in this code. References in this code to the “city’s consolidated fee schedule,” the “consolidated fee schedule,” the “fee schedule” or the like shall constitute references to the then-current consolidated fee schedule of the city and the fees described therein.

**2.150.100 Payments made from bond proceeds.**

Payments made from proceeds of any bond shall only be used for the purposes contemplated by the bond.